

**GREENVILLE HOSPITAL SYSTEM
D/B/A ROGER HUNTINGTON NURSING CENTER**

GREER, SOUTH CAROLINA

**CONTRACT PERIODS
BEGINNING OCTOBER 1, 1995
AC# 3-ROG-J4**

**REPORT ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

September 20, 1999

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Greenville Hospital System d/b/a Roger Huntington Nursing Center, for the contract periods beginning October 1, 1995 and for the twelve month cost report period ended September 30, 1994, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Greenville Hospital System d/b/a Roger Huntington Nursing Center, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report, Summary of Costs and Total Patient Days and Cost of Capital Reimbursement Analysis sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Greenville Hospital System d/b/a Roger Huntington Nursing Center dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
September 20, 1999

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.

Thomas L. Wagner, Jr., CPA
State Auditor

**GREENVILLE HOSPITAL SYSTEM
D/B/A ROGER HUNTINGTON NURSING CENTER**

Computation of Rate Change
For the Contract Periods
Beginning October 1, 1995
AC# 3-ROG-J4

	10/01/95- <u>09/30/96</u>
Interim reimbursement rate (1)	\$81.98
Adjusted reimbursement rate	<u>81.46</u>
Decrease in reimbursement rate	\$ <u><u>.52</u></u>

(1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 8, 1998

GREENVILLE HOSPITAL SYSTEM
D/B/A ROGER HUNTINGTON NURSING CENTER
Computation of Adjusted Reimbursement Rate
For the Contract Periods October 1, 1995 Through September 30, 1996
AC# 3-ROG-J4

	<u>Profit Incentive</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services	\$ -	\$42.93	\$40.58	\$40.58
Dietary	<u>-</u>	<u>13.99</u>	<u>9.21</u>	<u>9.21</u>
Subtotal	<u>-</u>	56.92	49.79	49.79
Laundry/Housekeeping/Maint.	\$ -	8.90	7.21	7.21
Administration & Med. Rec.	<u>-</u>	<u>19.96</u>	<u>8.37</u>	<u>8.37</u>
Subtotal	<u>\$ -</u>	85.78	<u>\$65.37</u>	65.37
<u>Costs Not Subject to Standards:</u>				
Utilities		2.20		2.20
Special Services		.06		.06
Medical Supplies & Oxy.		1.49		1.49
Taxes and Insurance		.22		.22
Legal Fees		<u>-</u>		<u>-</u>
TOTAL		<u>\$89.75</u>		69.34
Inflation Factor (6.30%)				4.37
Cost of Capital				8.91
Cost of Capital Limitation				(1.16)
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive - For Gen. Serv. & Dietary				-
Effect of \$1.50 Cap on Cost/Profit Incentives				<u>-</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$81.46</u>

GREENVILLE HOSPITAL SYSTEM
D/B/A ROGER HUNTINGTON NURSING CENTER
 Summary of Costs and Total Patient Days
 For the Cost Report Period Ended September 30, 1994
 AC# 3-ROG-J4

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
General Services	\$1,436,950	\$ -	\$ 74,816 (1)	\$1,362,134
Dietary	398,361	45,408 (1)	-	443,769
Laundry	88,774	4,896 (1)	-	93,670
Housekeeping	141,316	-	28,200 (1)	113,116
Maintenance	97,326	-	21,790 (1)	75,536
Administration & Medical Records	414,229	219,043 (1)	-	633,272
Utilities	91,302	-	21,500 (1)	69,802
Special Services	684	1,420 (1)	112 (2)	1,992
Medical Supplies & Oxygen	37,063	10,278 (1)	-	47,341
Taxes & Insurance	12,491	-	5,414 (1)	7,077
Legal Fees	-	-	-	-
Cost of Capital	<u>338,329</u>	<u>181,729</u> (3)	<u>237,339</u> (1)	<u>282,719</u>
Subtotal	3,056,825	462,774	389,171	3,130,428

GREENVILLE HOSPITAL SYSTEM
D/B/A ROGER HUNTINGTON NURSING CENTER
 Summary of Costs and Total Patient Days
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 AC# 3-ROG-J4

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	Adjustments		<u>Adjusted Totals</u>
		<u>Debit</u>	<u>Credit</u>	
Ancillary	38,263	-	38,263 (1)	-
Non-Allowable	(118,404)	142,480 (1)	181,729 (3)	(157,541)
	<u> </u>	<u>112 (2)</u>	<u> </u>	<u> </u>
Total Operating Expenses	<u>\$2,976,684</u>	<u>\$605,366</u>	<u>\$609,163</u>	<u>\$2,972,887</u>
Total Beds	<u>88</u>	Total Patient Days		<u>31,728</u>

GREENVILLE HOSPITAL SYSTEM
D/B/A ROGER HUNTINGTON NURSING CENTER
Adjustment Report
Cost Report Period Ended September 30, 1994
AC# 3-ROG-J4

<u>ADJUSTMENT NUMBER</u>	<u>ACCOUNT TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
1	Dietary	\$ 45,408	
	Laundry	4,896	
	Administration & Medical Records	219,043	
	Medical Supplies	10,278	
	Special Services	1,420	
	Nonallowable	142,480	
	Other Equity	3,797	
	General Services		\$ 74,816
	Housekeeping		28,200
	Maintenance		21,790
	Utilities		21,500
	Taxes and Insurance		5,414
	Cost of Capital		237,339
	Ancillary		38,263
	To adjust costs to amounts per Blue Cross/Blue Shield settled report HIM-15-1, Section 2300		
2	Nonallowable	112	
	Special Services		112
	To remove special (ancillary) services reimbursed by Medicare State Plan, Attachment 4.19D		
3	Cost of Capital	181,729	
	Nonallowable		181,729
	To adjust capital return to allowable State Plan, Attachment 4.19D		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	\$609,163	\$609,163

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

GREENVILLE HOSPITAL SYSTEM
D/B/A ROGER HUNTINGTON NURSING CENTER
 Cost of Capital Reimbursement Analysis
 For the Cost Report Period Ended September 30, 1994
 AC# 3-ROG-J4

Original Asset Cost (Per Bed)	\$ 15,618
Inflation Adjustment	<u>1.9778</u>
Deemed Asset Value (Per Bed)	30,889
Number of Beds	<u>88</u>
Deemed Asset Value	2,718,232
Improvements Since 1981	1,520,070
Accumulated Depreciation at 9/30/94	<u>(1,483,827)</u>
Deemed Depreciated Value	2,754,475
Market Rate of Return	<u>0.072</u>
Total Annual Return	198,322
Return Applicable to Non-Reimbursable Cost Centers	-
Allocation of Rent and Interest to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Annual Return	198,322
Depreciation Expense	99,395
Amortization Expense	393
Capital Related Income Offsets	(15,391)
Allocation of Capital Expenses to Non-Reimbursable Cost Centers	<u>-</u>
Allowable Cost of Capital Expense	282,719
Total Patient Days	<u>31,728</u>
Cost of Capital Per Diem	\$ <u><u>8.91</u></u>

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 Cost of Capital Reimbursement Analysis
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 AC# 3-ROG-J4

6/30/89 Cost of Capital and Return on Equity Capital Per Diem Reimbursement	\$ 3.76
Adjustment for Maximum Increase	<u>3.99</u>
Maximum Cost of Capital Per Diem	\$ <u>7.75</u>
Reimbursable Cost of Capital Per Diem	\$ 7.75
Cost of Capital Per Diem	<u>8.91</u>
Cost of Capital Per Diem Limitation	\$(<u>1.16</u>)